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LETTER DATED 29 DECEMBER 1994 FROM THE SECRETARY-GENERAL
ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

I have the honour to convey the attached biannual report addressed to me on 22 December 1994 by the Co-Chairmen of the Steering Committee of the International Conference on the Former Yugoslavia (see annex).

I should be grateful if you would bring this information to the attention of the members of the Security Council.

(Signed) Boutros BOUTROS-GHALI

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Annex

Biannual report of the Co-Chairmen of the Steering Committee on the activities of the International Conference on the Former Yugoslavia

I. INTRODUCTION

1. The International Conference on the Former Yugoslavia (ICFY) was established in August 1992 to remain in being until a settlement of the problems of the former Yugoslavia had been achieved. Its seat is at the United Nations Office at Geneva. The Co-Chairmen of the Conference are the Secretary-General of the United Nations and the Head of State/Government of the Presidency of the European Union. The activities of the Conference are supervised by a Steering Committee co-chaired by representatives of the Secretary-General of the United Nations and the Presidency of the European Union. The current Co-Chairmen of the Steering Committee are Lord David Owen and Mr. Thorvald Stoltenberg. The day-to-day activities of the Conference are carried out by the Co-Chairmen of the Steering Committee and in working groups and task forces.

2. Since its establishment, the ICFY has provided a forum for discussion and negotiation, usually directly between the parties in conflict or in disagreement, throughout the former Yugoslavia. The ICFY helped to negotiate a new Cease-fire Agreement in Croatia on 29 March 1994 and successive blueprints for peace in Bosnia and Herzegovina; recommended the preventive deployment of the United Nations Protection Force (UNPROFOR) in the former Yugoslav Republic of Macedonia; negotiated joint understandings between the Governments of the Republic of Croatia and the Federal Republic of Yugoslavia (Serbia and Montenegro); provided a framework for addressing humanitarian issues; negotiated confidence-building measures, negotiated a draft treaty on succession issues; defused tensions involving ethnic and national communities and minorities; and sponsored efforts looking towards reconstruction and economic development in the area. In the six-month period covered by the present report, the ICFY has:

(a) Negotiated an Economic Agreement between the Government of the Republic of Croatia and the Serb local authorities, which was signed on 2 December 1994. Pursuant to that Agreement, the Zagreb-Belgrade international highway was reopened on 21 December 1994;

(b) Worked, with representatives of the Russian Federation and the United States of America, on a draft agreement, looking towards political solutions in the Republic of Croatia;

(c) Worked closely with the Contact Group of five nations for Bosnia and Herzegovina and helped to develop the map and constitutional arrangements;

(d) Established and operated the ICFY Mission to the Federal Republic of Yugoslavia (Serbia and Montenegro), regarding the provision of only humanitarian goods to territory controlled by Bosnian Serbs;

(e) Provided a framework for dealing with humanitarian problems in the Working Group chaired by the United Nations High Commissioner for Refugees, Mrs. Sadako Ogata;

(f) Initiated and worked to ensure a population census in the former Yugoslav Republic of Macedonia, which was needed as a basis for discussions among the various population groups. The ICFY has also contributed to defusing tensions in the country in the run-up to and during elections held in October;

(g) Negotiated a draft treaty on succession issues;

(h) Exercised its good offices to promote mutual recognition among successor States in the former Yugoslavia;

(i) Brought together the Foreign Ministers of the Republic of Croatia and the Federal Republic of Yugoslavia (Serbia and Montenegro) for what is hoped will be regular meetings in their respective capitals.

Information on these and other activities of the Conference from July to December 1994 is provided below.

II. STEERING COMMITTEE

3. Meetings of the Steering Committee of the Conference were held on 6 July, 1 August and 5 October. Issues discussed included: reports by the Co-Chairmen and the Chairpersons of working groups; review of developments; humanitarian issues; and budgetary matters. Pursuant to a decision adopted by the Steering Committee on 5 October, a budget for the six-month period 1 December 1994 to 31 May 1995 was worked out and assessments sent to members of the Steering Committee. The next meeting of the Steering Committee will be held in January 1995.

III. CROATIA

4. One of the priorities of the ICFY since its establishment has been the promotion of better relations between the Government of the Republic of Croatia and the Croatian Serbs. As part of that process, the Co-Chairmen of the Steering Committee and ICFY negotiators have maintained constant contacts with the leadership in Zagreb and in Knin. The Cease-fire Agreement of 29 March 1994, negotiated under the auspices of the Conference, brought intermittent hostilities between Croatian Government forces and Croatian Serb forces to an end. The cease-fire, which is still largely respected, has reduced the number of violations, deaths and destruction. Since the conclusion of the Cease-fire Agreement, the Co-Chairmen and ICFY negotiators, in close consultations with the leadership in Zagreb, Knin and Belgrade, have sought to develop confidence by encouraging and steering negotiations on practical issues of economic cooperation, while simultaneously keeping in mind the need for negotiated political solutions.

5. During a meeting organized by ICFY negotiators on 5 August, agreement was reached to continue the process of negotiations within the framework of a general normalization of relations and on the establishment of expert groups to prepare the following themes for negotiations:

(a) Humanitarian questions (missing persons and displaced persons);

(b) The re-opening of the Zagreb-Belgrade highway;

(c) The provision of water supplies;

(d) The solution of pension and savings rights;

(e) The solution of questions relating to the restoration of hydro-electric power systems;

(f) The solution of questions relating to the Adriatic oil pipeline;

(g) The solution of questions relating to transportation (by rail, road and air);

(h) The solution of questions relating to trade.

6. On 2 December 1994, an Agreement was concluded between the Government of Croatia and the Serb local authorities dealing with water, electricity, the highway and the oil pipeline, and providing for further negotiations on the return of refugees and displaced persons, pensions, the opening of other railways and roads. The text of the Agreement appears in appendix I to the report submitted to the Security Council on 2 December 1994 (S/1994/1375, annex).

7. The Co-Chairmen and ICFY negotiators have deployed intensive and sustained efforts for the implementation of the Agreement. A complication during this process was the danger of a resumption of hostilities in Croatia. This danger had been acute since mid-summer 1994 when fighting broke out in the Bihać pocket. It intensified in November and December in and around the area of Bihać as not only were Croatian Serb forces supporting Bosnian Serb forces, but a significant number of regular Croatian Army forces were engaged in active hostilities in Bosnia and Herzegovina. The Co-Chairmen's efforts to keep the implementation of the Economic Agreement on track played a crucial role in preventing the resurgence of conflict and in keeping the parties on the path of peaceful cooperation. Pursuant to the Agreement, on 21 December, at 1400 hours, UNPROFOR opened the highway for unhindered safe passage, removed its barriers and commenced regular patrol. A United Nations Civilian Police (UNCIVPOL) Highway Patrol Command has been established, comprising 150 UNCIVPOL monitors who will patrol and monitor the highway, initially during daylight hours, then 24 hours a day, seven days a week.

8. The Co-Chairmen and two ICFY negotiators, with the Ambassadors of the Russian Federation and the United States of America to Croatia (commonly called the Z-4), have continued to promote discussion of ideas for a political

settlement to the conflict in Croatia. A draft document is in an advanced stage of preparation.

9. The Co-Chairmen have also been active on other aspects of the situation in the former Yugoslavia that have a bearing on the situation in the United Nations Protected and related Areas. The Co-Chairmen have used their good offices to promote mutual recognition among successor States in the former Yugoslavia. The Co-Chairmen have also used their good offices to arrange meetings between the Foreign Ministers of the Federal Republic of Yugoslavia (Serbia and Montenegro) and of Croatia. The first public meeting took place at Zagreb on 4 November. The next meeting is due to be held at Belgrade, with meetings thereafter alternating between their capitals.

IV. BOSNIA AND HERZEGOVINA

10. The conflict in Bosnia and Herzegovina is regrettably now in its third year. Successive blueprints for peace have been drawn up with the parties and then subsequently repudiated by one side or the other: the Carrington-Cutiliero plan of March 1992; in the framework of the ICFY, the Vance-Owen plan of May 1993; the "HMS INVINCIBLE" package of September 1993; the European Union Action Plan of October 1993. On 18 and 19 January 1994, the parties to the conflict met together in the same room at Geneva for talks held under the auspices of the Co-Chairmen of the Steering Committee of the ICFY. The Bosnian Serbs put forward a map, as part of the union of three republics, for a predominantly Bosniac republic covering 33.5 per cent of the country, and they also agreed that a predominantly Croat republic should cover 17.5 per cent. However, disagreement persisted on 1 to 2 per cent of the territory, and the Bosnian Serbs were reluctant to accept in advance of a final agreement the demilitarization of Sarajevo and its surroundings, which represented some 3.2 per cent on the map and which the parties had agreed should be administered by the United Nations. It may be mentioned, in this connection, that one aspect of the package then under discussion, namely, European Union administration of Mostar, was realized with the signing of an Agreement on 10 June 1994, and with the installation of the European Union Administrator, Mr. Hans Koschnik.

11. On 6 February, the Bosnian Serbs informed the Co-Chairmen that they would now accept negotiations on the demilitarization of Sarajevo and its administration by the United Nations. Tragically, a mortar bomb had exploded on the previous day in the marketplace in Sarajevo. This was followed by the introduction of a heavy-weapons exclusion zone in Sarajevo. With the involvement of the North Atlantic Treaty Organization (NATO) and the redeployment of a Russian UNPROFOR contingent from Sector East to Sarajevo, it became necessary for the Governments of France, Germany, the Russian Federation, the United Kingdom of Great Britain and Northern Ireland and the United States of America to become more deeply involved in the peace process. The United States took the lead in establishing the Bosnia-Croat Federation (see S/1994/255, attachment I), and of a confederation between Croatia and the Federation. The signing of the Washington Agreement took place on 1 March 1994. Meanwhile, a Contact Group had been established involving, at ministerial level, the Foreign Ministers of the Russian Federation, the United States, the United Kingdom, France, Germany and Greece, as a member of the European Union troika,

the European Union Commissioner for Foreign Affairs and the two Co-Chairmen. The Contact Group has been guided in its work by the resolutions of the Security Council, by declarations adopted by Foreign Ministers of the Contact Group countries and by the provisions of the European Union Action Plan, and has built on the previous negotiations of the ICFY. The Conference is represented on the Contact Group at ambassadorial level by its legal adviser and an assistant to the Co-Chairmen.

12. The Contact Group drew up a map for the allocation of territory between the Bosnia-Croat Federation and the Bosnian Serb entity and submitted it to the two sides on 6 July. The map allocated 51 per cent to the Bosnia-Croat Federation and 49 per cent to the Bosnian Serb entity. The Contact Group at ministerial level, reinforced by the support of the Security Council and the Council of Ministers of the European Union, as well as by Governments and organizations world wide, informed the parties that the proposed map would have to be accepted as presented, unless the parties could agree between themselves on any changes. The Bosnia-Croat Federation accepted the proposed map as did Croatia. The Bosnian Serb leadership rejected the map, but, as with the Vance-Owen Plan in May 1993, the leaders of the Federal Republic of Yugoslavia (Serbia and Montenegro) urged the Bosnian Serb leadership to accept the Contact Group map.

13. The Co-Chairmen of the Steering Committee of the Conference have done their utmost to support the efforts of the Contact Group to bring about acceptance of the Contact Group map (S/1994/1081, annex) by the Bosnian Serb leadership. At the request of the Secretary-General, the United Nations Co-Chairman of the Steering Committee, Mr. Stoltenberg, visited Belgrade and Pale from 12 to 14 August. He discussed with President Slobodan Milošević the implementation of the measures announced by the Federal Republic of Yugoslavia (Serbia and Montenegro) on 4 August 1994 for the closure of the border towards the Bosnian Serbs and their verification.

14. Lord Owen and Mr. Stoltenberg followed up by visiting Belgrade, Podgorica and Zagreb from 4 to 6 September 1994. They were determined not to miss the opportunity, as had been done in May 1993, to help the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro) to take action to persuade the Bosnian Serb leadership to accept the Contact Group plan so that the peace process could go forward. The Co-Chairmen managed to negotiate the establishment of an ICFY Mission to the Federal Republic of Yugoslavia (Serbia and Montenegro) to assist in the implementation of the decision taken on 4 August 1994 by the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro), namely:

> "As of today the border of the Federal Republic of Yugoslavia is closed for all transport towards the Republika Srpska, except food, clothing and medicine."

Reference is made in this regard to the reports on the establishment and operations of the Mission submitted to the Security Council (see S/1994/1074, S/1994/1124, S/1994/1246 and S/1994/1372).

15. The Co-Chairmen continue to work closely with the Contact Group and with other Governments and leaders whose influence could help the Bosnian parties to

terminate their conflict and to achieve a negotiated political settlement. In that regard, the Co-Chairmen have attended meetings of the Security Council and the European Foreign Affairs Council. They also keep close touch with UNPROFOR and with the Special Representative of the Secretary-General, Mr. Yasushi Akashi.

V. HUMANITARIAN ISSUES

16. The Humanitarian Issues Working Group, chaired by Mrs. Ogata, has continued to serve as a framework for the review and response of humanitarian needs in the former Yugoslavia. The Working Group has proved to be a useful forum where the different parties to the conflict and other Governments and international organizations meet, on a periodic basis, to highlight the humanitarian dimension of the problem and better channel international relief efforts. Since the previous biannual report, the Group has met at Geneva five times.

17. On 7 July 1994, the United Nations High Commissioner for Refugees convened a meeting of the Working Group. Since prospects for the return of Bosnian refugees and displaced persons had gained prominence in those months, that meeting was devoted primarily to discussing voluntary repatriation as well as the difficult funding situation. On that occasion, the Office of the United Nations High Commissioner for Refugees (UNHCR) submitted a note on assistance in voluntary repatriation to Bosnia and Herzegovina. It was generally felt that the time had come to begin planning for return. It was decided that an expert meeting on return would be convened by the end of August to study the issue further.

18. The expert meeting on repatriation was held at Geneva on 18 August. A paper on the establishment of an information system for potential returnees was presented. It suggested that the information system should include up-to-date data on issues such as the security situation, the legal situation, immovable property and accommodation, services, economic opportunities and entitlements for return. UNHCR also submitted for comment a survey of information relating to voluntary repatriation to Bosnia and Herzegovina. There was consensus on the need for a cautious approach concerning voluntary repatriation. It was concluded that a second meeting would be convened at a later stage depending on the political and military developments on the ground.

19. As the situation in Bosnia and Herzegovina has significantly deteriorated over the last few months, the difficulties involved in carrying out the relief work have increased. The freedom of movement of both UNPROFOR and of UNHCR convoys has been severely restricted by the Serb authorities in Bosnia. The airlift operation has also been jeopardized by numerous suspensions when the necessary security guarantees could not be obtained. This suspension, together with different forms of bureaucratic harassment delaying land convoys to Sarajevo, has impeded the provision of adequate assistance to the city.

20. UNHCR has re-emphasized the imperative need to have an open access route at all times to Sarajevo. Since the last biannual report, only an unacceptably low number of convoys have been able to reach the Bihać enclave because of access restrictions by Croatian Serb authorities. UNHCR has recently been obliged to

take the decision that it can no longer continue to assist the territories controlled by the Croatian Serbs as long as convoys are not allowed to proceed regularly to the Bihać enclave. Since then, only a few UNHCR convoys have been able to enter the enclave after significant difficulties and protracted negotiations.

21. With regard to the situation in the eastern enclaves, lack of access and developments in the security circumstances have resulted in a situation in which normal deliveries, which should be about 1,700 metric tons of load, were 30 per cent shorter in October and almost 50 per cent shorter in November. However, in the last few weeks access problems have eased somewhat.

22. On a more positive note, the situation in the Federation areas is less acute as a result of the increasing resumption of commercial traffic and a good harvest following successful distribution of the UNHCR seed programme earlier in the year. This has led to very significant price reductions for a number of important basic goods.

23. However, human rights abuses against minority groups in Bosnian Serb-held areas remain pervasive. More than 3,300 people, the great majority Muslim, have been forced to leave Banja Luka since July. Some 6,000 have also been expelled from Bijeljina and Janja and forced across the frontline into Tuzla. Draft-age males continue to be separated from their families and sent to perform work obligations, often on the front line. Human rights atrocities and violations of humanitarian law continue to be perpetrated.

24. As these gloomy developments took place, the United Nations Revised Consolidated Inter-Agency Appeal for $721 million was launched to cover humanitarian operation needs for 2.2 million people from January to June 1995. Then, on 25 November, the Chairperson of the Humanitarian Working Group, Mrs. Ogata, gave an update on the present situation, focusing on issues such as new displacements of civilians, the need for the continuation of temporary protection, the overall deterioration of the security situation and the need to continue funding United Nations humanitarian assistance in the republics of the former Yugoslavia. On that occasion, in a reference to her 18 March 1994 statement that "there is light at the end of the tunnel", Mrs. Ogata said, less optimistically, that "if there was light at the end of the tunnel, it is now extremely faint". She concluded:

> "While the victims wait for a lasting peace that cannot come too soon, we must all continue to alleviate their human suffering. The humanitarian space is shrinking. With your active support we can and will keep it open."

VI. ETHNIC AND NATIONAL COMMUNITIES AND MINORITIES

A. The former Yugoslav Republic of Macedonia

25. The Co-Chairmen remain concerned about the general economic and political situation in the former Yugoslav Republic of Macedonia. The preventive deployment recommended to the Secretary-General of the United Nations by the

Co-Chairmen of the Conference in 1992 has played an important part. Mr. Cyrus Vance continues with his mediation efforts in relation to the Governments of Greece and the former Yugoslav Republic of Macedonia. The Co-Chairmen believe, however, that there is a need for more economic preventive action.

Census

26. Following the independence of the former Yugoslav Republic of Macedonia, the lack of a generally accepted source of information on the ethnic composition of its population, and its size, soon indicated the need for a new census of population and housing. This was recognized at an early stage by the ICFY and its Working Group on Ethnic and National Communities and Minorities, which, in September 1992, took the issue as one of its major priorities and undertakings in the country. The national authorities, and the representatives of Albanian and other nationalities, were in favour of a new census being conducted, provided adequate financial assistance and international observation would be made available.

27. Originally initiated by the ICFY, this project was backed by the Council of Europe, which set up an international group of experts to assist the former Yugoslav Republic of Macedonia's statistical office in the preparation of a draft census act as well as the census and the field work itself. The European Union, through Eurostat, and the United Nations, through the Economic Commission for Europe, were associated in the work of the group from the outset. The European Union, through its Programme of Assistance for Economic Restructuring in the Countries of Central and Eastern Europe (PHARE), and the Council of Europe through contributions to a special account opened for the purpose, helped to cover the cost of the operation (local, observation and continued assistance by the experts). Nineteen countries participated in the observation network. The Conference was present in all the meetings of the expert group and led, on the eve of the census, a delegation that visited all the difficult municipalities (15 altogether). In sometimes very difficult meetings, doubts about the fairness of the census, particularly by ethnic Albanians, were dispelled through arrangements with the Government reached at the highest level.

28. Begun on 21 June, the census was declared completed on 11 July. As provided under the terms of the Memorandum of Understanding signed by the financing organizations and the President of the State Census Commission, a network of 40 observers from 19 European countries followed the preparation of the census and the field work, including the aggregation of the first results and post-enumeration check. The observers operated in all 34 municipalities and were present in 669 enumeration districts (almost 10 per cent of all districts) and 2,282 households. Of the latter, 1,264 (55.4 per cent) were Macedonian, 608 (26.6 per cent) Albanian and 410 (18 per cent) others. The observation was thus broadly based and largely representative of the country as a whole.

29. The general impression of the observers was that the overall results of the census were of acceptable reliability despite difficulties in some areas, particularly those with a large Albanian population, poor quality maps and some confusion on the citizenship question.

30. The presence of the observation teams appears to have had a positive influence on the operation in general and to have helped to increase confidence on the part of the population at large.

Elections

31. In early October 1994, the leadership of the biggest Albanian party in the former Yugoslav Republic of Macedonia, the Party for Democratic Prosperity (PDP), threatened to boycott the elections scheduled for 16 and 30 October on the grounds that, in their view, 145,000 Albanians would not be allowed to participate in the elections as they did not appear on the electoral lists. During the weeks prior to the elections, the Working Group had several contacts with the Government and with Albanian representatives to try to overcome those difficulties. The electoral lists were improved by the Government and all the nationalities participated in the elections, which were judged by the observers of the Conference on Security and Cooperation in Europe (CSCE) to have been free and fair. However, it was acknowledged that some administrative irregularities had taken place.

32. The second round of parliamentary elections was boycotted by the ethnic Macedonian opposition parties, however. As a consequence, the ruling three-party Alliance for Macedonia, which in the past had formed a coalition Government with the ethnic Albanian PDP, secured an overwhelming majority of seats in the new parliament. Technically, therefore, it did not need a coalition partner to form a new Government. However, as the absence of minority representation in the Government could endanger the constructive approach in inter-ethnic relations in the former Yugoslav Republic of Macedonia, the Working Group held talks in Skopje from 16 to 19 November with the President of the Republic and with representatives of the Alliance, as well as with the leaders of the Albanian groups represented in the new Parliament. The Co-Chairmen and ICFY negotiators strongly encouraged all their interlocutors to have Macedonian Albanian representation in the Government. On 16 December, the announcement of the new Government included four Macedonian Albanians: three were appointed to the Ministries of Development, Labour and Social Policy, and Culture; one was appointed Minister Without Portfolio.

Pedagogical Academy

33. In April 1994, the Government committed itself to providing, at the University of Skopje, a programme to train teachers to teach certain subjects in the Albanian language at secondary level starting with the school year 1994/95. Over recent months ICFY representatives intervened repeatedly, including at the highest levels of the Government and of the University, and obtained assurances that the training programme would begin soon. The Co-Chairmen visited Skopje for discussions with President Kiro Gligorov and Foreign Minister Stevo Crvenkovski on 18 December. President Gligorov informed them that the Government had already taken the decision to establish a Pedagogical Academy for Albanian courses within the University of Skopje. It would offer four-year courses. An announcement would be made the following week on the hiring of professors for the Academy. The President said that the Government would welcome international assistance for the development of the Academy. The Co-Chairmen undertook to raise the matter with the European Union and the United

Nations Educational, Scientific and Cultural Organization (UNESCO) and to do whatever they could to generate international assistance.

Television

34. In September 1994, the Director-General of Radio and Television informed ICFY negotiators that by the end of the year television broadcasts in the languages of the nationalities would be increased substantially (from one to three hours per day in Albanian, from one to two hours per day in Turkish, from half an hour to one hour in Serbian, Roma and Vlach). There is, however, a need to expand the corresponding production facilities for which external financial support is required. During their discussions with President Gligorov on 18 December, he informed the Co-Chairmen that the Government was endeavouring to provide more time on radio and television for programmes in the Albanian language. A new head of television of the former Yugoslav Republic of Macedonia had recently been appointed and he had already been in contact with representatives of the Albanian community. The Government needed resources to update its technical equipment as well as to develop additional programmes in the Albanian language. The Co-Chairmen said they would do whatever they could. With the assistance of an independent expert, a project to equip further studio space has been worked out and the Conference is now engaged in trying to find the necessary sponsoring from abroad to finance it.

B. Kosovo

35. The Co-Chairmen have kept the situation in Kosovo in the Federal Republic of Yugoslavia (Serbia and Montenegro) constantly in focus. They have discussed it frequently during their meetings with the leadership in Belgrade and have also met with the leadership of the Kosovar Albanians. During the period covered in the present report, meetings with Mr. Ibrahim Rugova took place at Oslo and Geneva.

36. The Co-Chairmen have sought to promote negotiated solutions within the framework of the Federal Republic of Yugoslavia (Serbia and Montenegro) and the principles of the International Conference. In that regard, they have endeavoured to bring about contacts between the Serbian leadership and the Kosovar Albanian leadership. The Co-Chairmen have advanced some ideas with them for such contacts and are awaiting a response from the Kosovar Albanian leadership in order to take the next steps. The Co-Chairmen will persist in their endeavours to promote peaceful and negotiated solutions.

VII. SUCCESSION ISSUES

37. The Succession Issues Working Group of the Conference has continued its efforts. Meticulous and persistent work has brought the parties within reach of agreement on draft treaty provisions dealing with citizenship, pension, acquired rights, treaty succession and archives. On the division of assets and liabilities, however, divergences of view exist among the parties and it will most likely be necessary for the Co-Chairmen to put forward proposals on their disposition.

38. After a review of developments to date, the Co-Chairmen, together with the Chairman of the Working Group, Ambassador Alf Jonsson (Denmark), have decided to proceed as follows:

(a) The draft succession treaty has been cast into two portions, which could constitute independent treaties or be parts of a single treaty, depending on future negotiations among the successor States;

(b) The first portion deals with citizenship, pensions, acquired rights, archives, treaty succession and arbitration mechanisms. It contains provisions that have been discussed in detail with the parties and on which there is a large measure of agreement. It was sent to the parties with a request for written comments in what is hoped will be a process of finalization of the draft treaty on those issues;

(c) The second portion deals with the disposition of assets and liabilities. Consultations are continuing on how they could be distributed among the successor republics. The Co-Chairmen will decide how to proceed with the second portion in the light of those consultations.

VIII. ECONOMIC ISSUES

39. During the period covered by the present biannual report, the Economic Working Group met once, on 12 and 13 July 1994.

40. The first item on the agenda for the meeting was a discussion on the economic impact of measures undertaken for refugees and displaced persons and measures to include them in the process of reconstruction. Each delegation (with the exception of Slovenia, which participated as an observer) outlined the measures currently being taken to provide for refugees and displaced persons. There was a discussion of the similarities, from an economic perspective, of the situation of a refugee and that of the long-term unemployed, as well as some recognition of the need for the integration of reconstruction plans with those for the reinsertion of refugees and displaced persons. A UNHCR official gave a presentation on the programmes supported by the High Commissioner to help returnees to help themselves.

41. The second point on the agenda covered reconstruction in Sarajevo and Mostar and focused on a presentation by a representative of the office of the United Nations Special Coordinator for Sarajevo, which emphasized the importance of good coordination for the success of reconstruction, not only among donors, but also on the ground between the relevant authorities. He outlined the organization of the agency for reconstruction being established by the Bosnian Government, as well as of Ambassador Eagleton's staff. There were a number of points of common interest between the reconstruction of Sarajevo and that of Mostar, notably in the field of infrastructure. The delegations argued for the need to involve local enterprises in providing materials and expertise for reconstruction.

42. The Economic Working Group has not met since its meeting in July. The Chairman of the Working Group believes that an improvement in the political situation is necessary before further efforts are made.

IX. SANCTIONS

43. The Co-Chairmen and ICFY personnel have cooperated with international institutions monitoring the implementation of sanctions. In that regard, the Director of the ICFY secretariat has participated in meetings of the Sanctions Liaison Group held at Vienna. On those occasions he briefed the Group on the activities of the Conference in support of sanctions and provided detailed briefings on the efforts of the ICFY Mission to the Federal Republic of Yugoslavia (Serbia and Montenegro) regarding the provision of only humanitarian goods to territory controlled by Bosnian Serbs.